

## DIR WORKFORCE PLAN

### CURRENT WORKFORCE PROFILE

#### GENDER AND AGE

DIR currently has a legislative appropriations cap of 196.0 full time equivalent (FTE) positions for fiscal 2014 and 198.0 FTEs positions for fiscal 2015. As of May 1, 2014, DIR's headcount was 175 employees. DIR's workforce consists of 52 percent females and 48 percent males. Approximately 92 percent of the agency's employees are age 40 or over, only one percent are under 30 years of age. The average age of DIR's employees is 52. With only eight percent of DIR's employees under the age of 40, the agency must implement effective recruitment, retention, and succession planning strategies to ensure it is able to fulfill its mission.

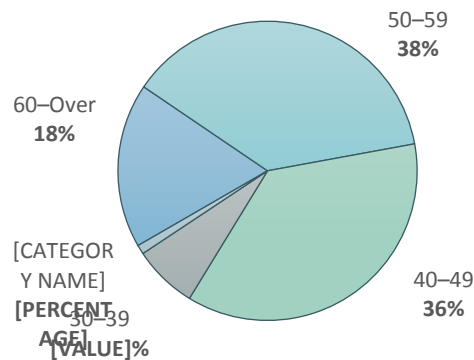
#### EQUAL EMPLOYMENT OPPORTUNITY (EEO) JOB CATEGORIES

DIR has a highly educated workforce with many professional employees holding advanced degrees and credentials. Many technical employees hold various degrees and certifications. Seventy-five percent of DIR's employees are in the professional category. The next highest category is Administrative Support at 13 percent. Officials and Managers make up 12 percent of staff.

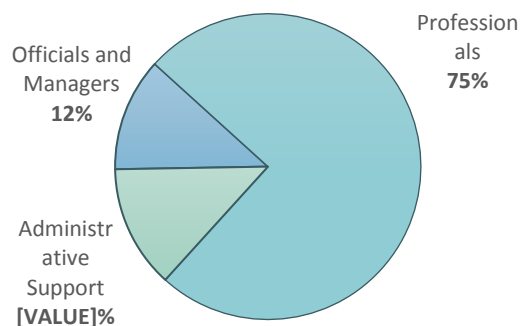
DIR is committed to providing equal employment opportunity. Employment decisions are not influenced by race, color, religion, sex, national origin, age, disability, genetic information or any other extraneous factor. DIR makes every effort to recruit, select, and retain a qualified workforce that is representative of the state's civilian labor force. DIR will continue to work diligently to meet the EEO goals of the State of Texas.

As of May 1, 2014, African Americans and Hispanics comprised 28 percent of the agency workforce. The following table provides a comparison of the department's labor force with the state's labor force.

EMPLOYEE AGE (YEARS)



EEO JOB CATEGORIES



BY EEO CATEGORY AS OF MAY 1, 2014	AFRICAN AMERICAN		HISPANIC AMERICAN		FEMALE	
	STATE	DIR	STATE	DIR	STATE	DIR
Officials/Managers	9%	10%	20%	14%	39%	38%
Professional	11%	10%	17%	13%	59%	51%
Admin. Support	14%	34%	31%	30%	66%	78%

Source: State workforce rates from *Equal Employment Opportunity and Minority Hiring Practices Report, Fiscal Years 2011–2012*.

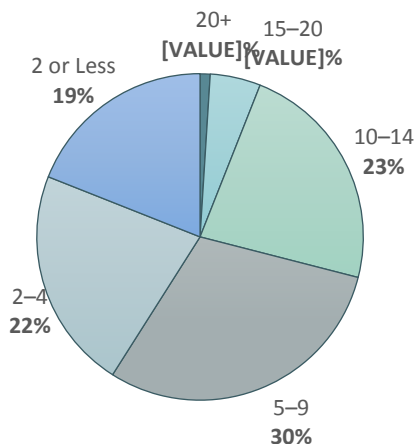
## TENURE

DIR has a highly tenured workforce. The average state service of DIR employees is approximately 14 years.

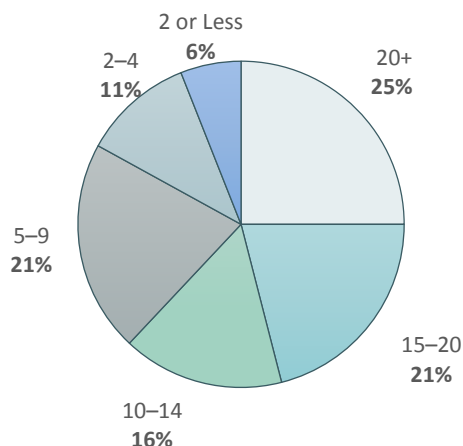
- 69 percent of staff have five or more years of state service.
- 41 percent have less than five years of agency service.
- 19 percent have been employed with the agency for less than two years.

The average length of agency employment is 6.92 years.

LENGTH OF AGENCY SERVICE (YEARS)



LENGTH OF STATE SERVICE (YEARS)



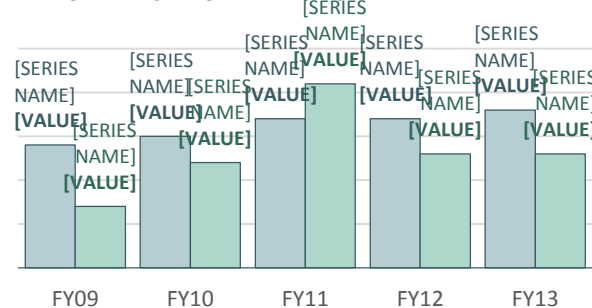
## EMPLOYEE TURNOVER

Employee turnover imputes a direct cost to any organization. The loss of institutional knowledge and experience impacts the agency's ability to fully perform its mission. High staff turnover adversely affects the operational program in which it occurs and adds strain on the remaining employees.

With the exception of fiscal 2011, the agency's employee turnover rate was below the state government turnover rate from fiscal 2008 through fiscal 2012. Fiscal 2011 turnover rate exceeded the state government turnover rate, largely due to an agency reduction in force. Fiscal 2013 turnover rate was almost five percentage points lower than the state government turnover rate (12.9 percent versus 17.6 percent).

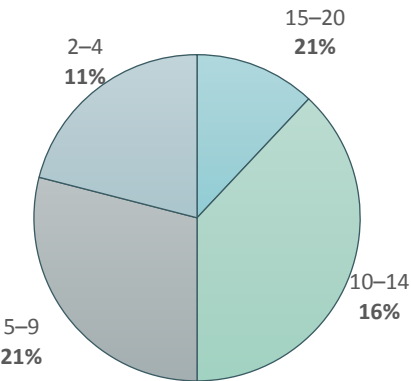
Of particular note, 38 percent of employees separating from DIR in fiscal 2013 had between six and

EMPLOYEE TURNOVER RATES



ten years of service with DIR.

SEPARATING EMPLOYEES' SERVICE (YEARS)



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## RETIREMENT ELIGIBILITY

Employees over the age of 40 comprise 92 percent of DIR workforce in fiscal 2012 and approximately 50 percent of the agency's current workforce will be eligible to retire between fiscal 2014 and fiscal 2019.

## CURRENT/FUTURE WORKFORCE CHALLENGES

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### LABOR MARKET AND TRENDS

The Texas Economy and Employment Short-Term Forecast Analyst Report prepared by IHS Global Insight indicates that Texas recovery from the "Great Recession" of 2008 continues on a modest track. From January 2011 to May 2014, the unemployment rate in Texas decreased from 8.1 percent to 5.5 percent. This data suggest that DIR will have to more effectively compete for the shrinking employment pool of available talent.

In 2011, the professional, business, and technical service industry employed 4.7 percent of employed individuals in Texas. By 2014 the industry employment proportion is expected to reach 5.0 percent, making it the fastest growing sector for employment in the state of Texas. Looking forward, this expansive trend is projected to continue for at least the next five years.

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### DEMOGRAPHIC SHIFT

According to Pew Research Center tabulations from the 2012 U.S. Census Bureau's American Community Survey, there were 10 million Latinos and 11.6 million non-Hispanic whites living in Texas, making up 38.2 percent and 44.4 percent of the state's 26.1 million residents, respectively. By contrast, in 2000, Latinos made up 31.9 percent and white non-Hispanics made up 52.4 percent of the state's 20.8 million residents. These numbers indicate the Hispanic population is growing more quickly than the non-Hispanic white population. Since 2000, Hispanics have made up 63.5 percent of population growth in Texas. Demographic trend experts project that within ten years, Hispanics will likely become the largest demographic group in

Texas. This paradigm necessitates that DIR continue to embrace diversity to the fullest extent in all aspects of employment.

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### AGING WORKFORCE

The Baby Boomer generation (born between 1946 and 1964) makes up a large part of the labor market that is retiring and taking institutional knowledge with them. DIR must be prepared to facilitate effective working relationships between Baby Boomers that delay retirement to remain in the workforce and the younger generation of workers that enter the workplace. Furthermore, DIR should seek to engage employees nearing retirement to obtain and document the valuable institutional knowledge and experience to transfer to the newer workforce.

## STRATEGIC INITIATIVES

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### EMPLOYEE RECRUITMENT, RETENTION, AND DEVELOPMENT

DIR will continue to implement effective practices and policies to attract a diverse and highly qualified workforce. DIR will need to streamline employment selection by incorporating technology to eliminate redundancies and simplify the hiring process, including an easily accessible application portal and an electronic workflow application. DIR will continue to offer competitive salaries to attract highly qualified candidates. DIR will also consider the implementation of a clearly defined career ladder program, which will allow current employees the opportunity to be rewarded for their performance and to advance within their chosen field, as the budget allows. When vacancies exist, hiring at entry or journey level where possible and utilizing the established career ladders will encourage a culture of positive reinforcement for exceptional job performance and will assist the agency in employee retention.

Retaining quality employees in today's competitive labor market requires the active engagement of management to ensure that employees are satisfied in their jobs. This includes consideration for salary increases and career ladder promotions

when warranted. Additionally, supervisors will need to complete timely performance evaluations, provide timely feedback, and identify potential career development opportunities for their employees. A strategic focus on the development of the agency's employees can assist in the management of important knowledge, skills, and abilities that are necessary to fulfill the long-term goals of the organization.

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## SUCCESSION PLANNING

Succession planning is an ongoing business process through which an organization plans for its future workforce competency needs. It is a proactive approach linking the organization's competency needs to its mission and goals through career de-

velopment. DIR strives to maintain a highly qualified and competent workforce that is committed to customer service and that is fully capable of carrying out the mission and core functions of the agency. However, retirements and attrition can result in a significant loss of institutional and technical knowledge. Many of the pending retirements over the next five years are either managers or staff with senior-level technical expertise. In order to address any deficits between the current agency workforce and future demands, DIR will fully implement a succession planning program that incorporates an intensive career development initiative which includes cross training, mentoring, and formal training.